



FOR IMMEDIATE RELEASE

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FACT SHEET

**MAYOR SANDERS ANNOUNCES PROGRESS AT CITY'S
REAL ESTATE ASSETS DEPARTMENT**

*Property Inventory Complete; Department Policy Audit Underway;
Review of City's Leaseholds Next*

Mayor Jerry Sanders announced today substantial progress at the City's Real Estate Assets Department (READ), which just one year ago had lost the confidence of the public after news reports detailed mismanagement of the City's property inventory.

A series of positive changes have already taken place within the department, and many more are either already underway or are slated to begin over the next six to nine months. Although many serious challenges still lie ahead, Mayor Sanders lauded the work of the READ managers and staff for turning around the reputation of the department in a relatively short amount of time.

"In March I promised that we would overhaul the City's real estate operations and get our Real Estate Assets Department back on track. Thanks to the hard work and dedication of READ staff, I'm pleased to report that this department has done an amazing job in turning this department around. We're headed in the right direction, and real, substantive change has occurred in the way that this department conducts its business. Clearly, there are still many challenges that lie ahead. There are many areas where we need to do a better job, and we're committed to making those adjustments."

--Mayor Jerry Sanders

Positive Changes at the City's Real Estate Assets Department:

- **An inventory of city-owned property is complete.** The inventory shows that the City's record-keeping systems, although antiquated, were more accurate than originally thought and that the Real Estate Assets Department has an accurate accounting of its property.
- **An outside audit of the department, started in August 2006 by Grubb & Ellis, will be completed by the end of November 2006.** This study will help the City revise old policies and strategies and devise new systems so that the Real Estate Assets Department can operate more efficiently and accurately. It will also guide the City in its efforts to maximize its earnings from City-owned properties.
- **A voluntary "time out" on new real estate transactions was taken** to prevent mistakes from taking place and to allow the department's operating systems and land policies to be reorganized.
- **A Property Information Summary Sheet was created** (see example, page 4) to accompany docket reports presented to Council members whenever a sale of City property is proposed. This template is the first of its kind for the City, and will provide accurate and thorough information to the Council and the public in a consistent, recognizable and easy-to-read format. This is an essential step to begin the process of marketing and selling City-owned property in a manner that creates public confidence in the information and the process.
- **James Barwick, a top-tier professional respected in the local real estate industry, was hired in June as department director.** He continues to lead a complete overhaul of the department. The hiring of new leadership has helped stabilize the staff and improve department morale. Deputy Director David Sandoval was hired in August.

New and Expired Cell Tower Leases Create Added Revenue for the City:

- 45 new cell tower leases are being negotiated by READ with telecommunications companies to allow them to put cell towers on City property. This translates into one-time access fees of \$1.6 million, and \$1.2 million in annual rental charges.
- 29 expired cell tower leases have been re-signed and will produce \$475,000 in one-time access fees and \$880,000 annually in rental fees.

Remaining Challenges:

- **Update Expired Leases That Have the Potential To Increase Revenue:** Currently underway, this will allow the City to realize the maximum financial potential of its leaseholds, some of which are leased by non-profit organizations at reduced rates. New policies are in the process of being established for new leases and lease extensions. At present there are still approximately 150 holdover leases that need to be examined.
- **Examine Each Parcel To Determine Its Best Use:** A parcel-by-parcel analysis of the City's real estate holdings will help the City determine the best use of its property. Some parcels will be sold, some will continue as leaseholds with new and improved leases, and others will remain vacant to allow for future, better uses. This will also allow the City to determine which City funds own marketable lands so that sale proceeds go into the proper accounts.
- **Load All Relative Property Information Into One Electronic Enterprise Data System To Provide Immediate Access To Information on the City's Real Estate Assets:** A future goal of the department is to have one centralized electronic data system which will give READ and the public the ability to access City real estate asset information by a variety of categories with the touch of a button. Currently, no such system exists. This is one of the department's primary goals, but it is also one of the most labor intensive to implement.
- **Monitor Existing City-Owned Properties To Ensure They Are Well-Maintained and Not a Nuisance to the Surrounding Neighborhood:** In the past, less than adequate oversight and monitoring of the City's more than 3,000 properties has resulted in some problem properties accumulating debris and producing unsightly and/or unhealthy conditions, thereby creating a problem for neighboring properties. New processes will need to be put in place to ensure that regular monitoring of City properties occurs and the number of problem properties is dramatically reduced.
- **Complete CAM Audit to Reduce Costs of Property Leased by the City:** An audit will be undertaken to examine property that the City leases from other entities, especially office space leased Downtown. This will be done to ensure that the City isn't being overcharged for rent.
- **Reorganize the Department To Allow for Staff Promotions and Improve the Effectiveness of the Staff:** A reorganization plan is underway that will allow for upward movement opportunities within the department which hasn't existed in the past. Part of this plan is also to have the department fully staffed as quickly as possible. The department is currently down seven staff members in the property agent class.